
Finance Committee

HB 2965

Brief Description: Adjusting the oil spill response tax and oil spill administration tax.

Sponsors: Representatives Van De Wege, Upthegrove, Williams, Nelson and Simpson.

Brief Summary of Bill

- Increases the four cent per barrel oil spill tax to six cents per barrel. Indexes the rate each year by the fiscal growth factor.
- Expands the tax base to products that enter the state by pipeline.
- Disallows tax credit for exported oil and petroleum products for products that are placed in the fuel tanks of vessels, airplanes, trains and other vehicles.

Hearing Date: 1/29/10

Staff: Rick Peterson (786-7150).

Background:

The oil spill tax was enacted in 1991 to provide funding for prevention, response and restoration programs relating to oil spills in Washington waters. The tax applies to all crude oil and petroleum products that are off-loaded at a Washington marine terminal. The two-part tax rate consists of four cents per barrel which funds the oil spill prevention account, plus one cent per barrel for the oil spill response account.

A tax credit is available for oil and petroleum products that are subsequently exported from the state. The credit amount is equal to the amount of tax previously paid.

The four cent tax has been imposed continuously since 1991. The one cent tax is collected if the account balance falls below \$8 million and is suspended if it exceeds \$9 million. The tax has been suspended twice since 1991, most recently in October of 2009.

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Summary of Bill:

The four cent per barrel oil spill tax is increased to six cents per barrel. The six cent tax rate is adjusted by the increase in the fiscal growth factor each year on January 1.

The tax base is expanded from oil and petroleum products off loaded at a marine terminal to also include products that enter the state by pipeline.

The tax credit for exported oil and petroleum products is not allowed for petroleum products placed in the fuel tanks of vessels, airplanes, trains and other vehicles.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2010.